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**OFFICE OF PUBLIC INSTRUCTION**

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Linda McCulloch  
Superintendent

DATE: July 3, 2002

TO: School Food Authority Administrators

FROM: Christine Emerson, Director  
School Nutrition Programs

SUBJECT: Treatment of Military Housing Allowances for Families in "Privatized Housing"  
for Purposes of Determining Eligibility in the Child Nutrition Programs

Effective May 13, 2002, the housing allowance for military personnel living in privatized housing will not be counted as income when determining eligibility for free and reduced price meals or free milk in any of the child nutrition programs for federal fiscal years 2002 and 2003. Privatized housing refers to the Military Housing Privatization Initiative, a program operating at a number of military installations. This initiative puts the operation of military owned housing under private contractors. Under this privatization initiative, a housing allowance appears on the leave and earnings statement of service members living in privatized housing. In accordance with the provisions of the Farm Security and Rural Investment Act of 2002, the housing allowance provided under the Military Housing Privatization Initiative is excluded from consideration as income for military families applying for free and reduced price meals or free milk for their children under any of the child nutrition programs. This exclusion applies during the remainder of federal fiscal year 2002 and for federal fiscal year 2003. This income exclusion applies only for service members living in housing covered under the Military Housing Privatization Initiative. It is not an allowable exclusion for households living off base in the general commercial/private real estate market.

Additional information about the Military Housing Privatization Initiative, including a list of affected installations, may be accessed at: <http://www.defenselink.mil/acq/installation/hrso>.

Please contact Christine Emerson, School Nutrition Programs Director at (406) 444-2502 or Holly Humphrey, School Nutrition Programs Specialist at (406) 444-4413 if you have any questions.